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DOD Studies Ways To Cut Spending In Overseas Areas

The Department of Defense is examining a series of "possible measures" to reduce U.S. government expenditures overseas, as instructed by President Johnson in his Jan. 1 statement on the international balance of payments.

Details regarding DOD's new measures were not available. However, officials said these are in addition "to those currently in force."

In his message to the nation, President Johnson said, "We cannot forego our essential commitments abroad, on which America's security and survival depend.

"Nevertheless, we must take every step to reduce their impact on our balance of payments without endangering our security."

Noting that over the past three years a stringent program has saved billions of dollars in foreign exchange, President Johnson said, "I am convinced that much more can be done. I believe we should set as our target avoiding a drain of another $500 million on our balance of payments."

The President directed Secretary of State Dean Rusk, "to initiate prompt

(Continued, Page 3)

Military Strength Totals Down

Military strength declined slightly in November, a decrease of 4,338 from the October reporting period.

A preliminary DOD report listed a total of 3,411,833 in all armed services as of Nov. 30.

The service breakdown was: Army 1,468,820; Navy 751,828; Marine Corps 299,886; Air Force 891,299.

Defense I&L Secretary Answers Charges of Waste in Management

Assistant Secretary of Defense for Installations and Logistics Thomas D. Morris has answered charges of massive waste in Department of Defense procurement and supply management.

Speaking before the Los Angeles Chamber of Commerce late last month, Mr. Morris said criticism of Secretary of Defense Robert S. McNamara's supply management policies has grown out of "simple misconceptions" due to failure to place "all the facts in perspective."

CHANGE OF COMMAND—Lt. Gen. Leonard F. Chapman (right), accepts the U.S. Marine Corps battle colors from Gen. Wallace M. Greene Jr., marking Gen. Chapman's assumption of command of 300,000 Marines. Gen. Chapman officially became the 24th Commandant of the Corps, with four star rank, Jan. 1.

Admitting there are bound to be some errors in a system that handled 15 million purchase actions last year, Mr. Morris said that even if DOD "had been 99 percent perfect, errors on the remaining one percent of the actions could equal 150,000 mistakes in a single year.

"Please realize that you can't run the biggest business in the world without making mistakes. We try to hold these mistakes to a minimum—and we are succeeding."

Mr. Morris pointed out that reports by the press on the question of waste within DOD have been both "confusing and contradictory," with headlines reading "Pentagon Lax, Overpricing Soars," and "Probers of Overpayments Assail 'Sick' Pentagon System of Buying," while a New York Times editorial described "McNamara-ism" as a "highly efficient, scandal-free Defense Department that is capable of absorbing enormous political and financial pressures and stretching every available dollar and human resource to minimize the impact of the war."

'McNamara-ism' to Continue

He said he believes that "McNamara-ism" management improvements will continue long after the Secretary of Defense leaves his present post to become president of the

(Continued, Page 3)

AF Airborne Command Post Completes 65,000 Air Hours

Strategic Air Command's airborne command post, Looking Glass, has passed the 65,000-hours-in-the-air mark. It has been in full operation since February, 1961.

Looking Glass is capable of assuming direction of SAC's bomber and missile force and taking care of the command's emergency war orders at Presidential direction in the event the SAC underground command post and alternate posts are lost.

JOINS MACHBUSTERS—Royal Australian Air Force Wing Commander A. E. Smith (right), inspects the machbuster pin just presented to him by Maj. Thomas F. Tapman, an F-100 Supersabre pilot with the 37th Tactical Fighter Wing at Phu Cat Air Base, Vietnam. Smith had just completed a supersonic flight with Tapman. Smith is chief of maintenance for all RAAF forces in Vietnam. He visited Phu Cat to study USAF maintenance procedures.

Centralized Computer Pay System Scheduled for AF Reserve, Air Guard

The Air Force Accounting and Finance Center in Denver will inaugurate a monthly pay system beginning Jan. 1 directly affecting some 130,000 Air Force Reserve and Air National Guard members who perform military duty resulting in pay.

The new centralized and computerized system is the first of its kind in the Air Force and will precede the Joint Uniform Military Pay System by 18 months.

Significant system concepts include a centralized common data interface with the existing Personnel Data System; use of electrical means of transmitting data, and the employment of modern day computer technology.

Currently the center pays all Reservists and 26,000 Guardsmen quarterly on a manual bookkeeping machine system. Some 56,000 other Guardsmen are paid quarterly by local Air Force Accounting and Finance offices.

Meal Prices Increase

Mess officers have received instructions to increase the price of meals for enlisted personnel on commuted rations when using appropriated fund dining halls.

As of Jan. 1, breakfast prices went up to $.27; dinner to $.60, and supper to $.45.

This slight increase came about when Defense Department raised the commuted and leave ration for 1968 by two cents to a daily $1.32.

At the same time, DOD set the 1968 surcharge for officers and civilians not in per diem status, who eat in mess halls, at $.08 for breakfast and $.10 for dinner and supper. Surcharge for officers and civilians receiving per diem was put at $.18 for breakfast and $.50 for dinner and supper.

Air Force Changes Rule On Retirement Location

A change to Air Force Manual 35-7 now permits overseas returnees to request retirement at a CONUS base nearest their home of selection rather than at a port processing facility.

Besides two options that have been in effect since March 1961, the change also offers a third option which is similar to the program that existed prior to 1961. It allows a member to immediately designate his home of selection and be retired at the base having a Consolidated Base Personnel Office near his selection.

The interim change to AFM 35-7 is dated Dec. 20.

USS Luce Wins Trophy For Anti-War Warfare

The guided missile frigate USS Luce has received the Atlantic Fleet Anti-Air Warfare Trophy.

The trophy, initiated in 1960 by the Charleston, S.C., Trident Chamber of Commerce, is presented annually to the Atlantic Fleet Cruiser-Destroyer Force ship which demonstrates the highest state of proficiency in anti-air warfare.

Capt. John F. Drake, Luce's Commanding Officer, accepted the award.

Nominations for the award are submitted by Squadron Commanders. Flotilla commanders then narrow down the selections and final choice is made by Commander Cruiser-Destroyer Force, Atlantic Fleet.

COMMANDERS DIGEST

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Overseas Spending

(Continued from page 1)

negotiations with our NATO allies to minimize the foreign exchange costs of keeping our troops in Europe." He added that U.S. allies can help in a number of ways, including:

- The purchase in the U.S. of more of their defense needs.
- Investments in long-term United States securities.

President Johnson has instructed the Director of the Budget Charles L. Schultze to find ways of reducing the numbers of American civilians working overseas.

He also instructed Secretary of Defense Robert S. McNamara to find ways to reduce further the foreign exchange impact of personal spending by U.S. forces and their dependents in Europe.

The President noted that recently the U.S. reached important agreements with some of this country's NATO partners to lessen the balance of payments cost of deploying American forces on the Continent—troops necessarily stationed there for the common defense of all.

President Johnson outlined other plans to assist in improving the balance of payments, including establishment of a mandatory program that will restrain direct investment abroad, and deferment for the next two years of all non-essential travel outside the Western Hemisphere.

DOD Gives New Designation To Air Defense Command

Air Defense Command (ADC) will become Aerospace Defense Command January 15.

The Department of Defense said the new designation would better describe the command's primary mission "to discharge Air Force responsibilities for the aerospace defense of the United States" and reflects the increasing emphasis being placed on space surveillance and defense.

AMBASSADOR VISITS—The Honorable Robert H. McBride, U.S. Ambassador to the Democratic Republic of the Congo, Africa, is greeted by Gen. Theodore J. Conway, USA, Commander in Chief, U.S. Strike Command, upon his arrival at STRICOM headquarters at MacDill AFB, Fla. Ambassador McBride presented a briefing on the Congo to the STRICOM staff. Gen. Conway is responsible for U.S. defense matters in the Middle East/Southern Asia and Africa South of the Sahara— an area which includes the Congo.

Defense Waste Charges Answered

(Continued from page 1)

World Bank, stressing that DOD officials, in and out of uniform, are determined that the management improvements made to date "are but challenges for still further improvements tomorrow."

Three specific charges leveled against the Defense Department and answered by Mr. Morris were:

- "Defense Waits for Congress and GAO to Uncover Problems Before It Makes Efficiency Reforms;"
- "Defense Inventory Management Is So Poor that We Lose or Throw Away Hundreds of Millions of Dollars Each year;"
- "Eighty-six Percent of Defense Buying Is Non-Competitive and the 100 Largest Business Firms Continually Get a Larger Share of Military Procurement."

Answering the first charge, Mr. Morris stated that documented savings during the last six years under Mr. McNamara's cost reduction program "have been $15.8 billion . . ." and that during the past fiscal year alone "the management actions reported will produce savings of over $2 billion."

He said that rather than having to be pushed to do these things, "we painstakingly study every report of our own auditors, the GAO and the Congress in search of new cost reduction opportunities."

In answer to the second charge, Mr. Morris said that since 1960, DOD investment in aircraft, missiles, ships and major end items has risen 41 percent, and military forces 13 percent, but that supply inventories have been dramatically decreased.

Among examples of this decrease in supply inventory listed by Mr. Morris were:

- In 1960, DOD kept 61¢ worth of supplies in warehouse stock for every dollar's worth of major equipment in use. Today the figure is down to 43¢.
- Excess stocks in each military service have been put to use elsewhere in DOD, avoiding several billion dollars in new procurement.

Mr. Morris' answer to the third charge was that a recent survey of businessmen who deal with DOD showed that 90 percent said "that Defense procurement was far more competitive — that they had to use sharper pencils when quoting on Defense orders."

Air Force Contracts for Computers To Handle Personnel, Accounting

The Burroughs Corp. has been awarded a $60 million contract to provide the Air Force with computers for handling personnel and accounting affairs.

This will permit the Air Force to offer speedy response to all base level management requirements except supply, which was computerized under an earlier program, and to reach a major objective—economy of operations.

The first two systems are scheduled for delivery in March 1968. They will go to Washington, D. C., and Randolph AFB, Tex. Two other systems are to be delivered to Sheppard AFB, Tex., for training in April and May 1968.

The Air Force Operational Test Site, which is to be established at Langley AFB, Va., is to be equipped by September 1968. Assuming the successful evaluation at Langley, installation of these computers at bases throughout the Air Force is to get under way in December 1968, and to be completed by July 1970.

By using centralized programming and standard equipment, training requirements will be reduced. Follow-on training cost reduction is expected to amount to approximately $500,000 annually.

VISIT TO OSAN—Lt. Gen. Seth J. McKee, Fifth Air Force Commander, unstraps himself from the F-4 jet which brought him to Osan Air Base, Korea, for a two-day command visit.

Reporting Changes Made To US-ROK Forces Agreement

American military violations of Korea's customs and narcotics laws are now being reported by the Army to ROK authorities under new provisions of the U.S.-ROK Status of Forces Agreement. Formerly, offenses by Americans did not have to be reported to Korean authorities.

While the American offender is still liable for prosecution by U.S. Army authorities, he may now instead be subjected to trial in Korean courts for violating Korean laws.

Penalties in cases of customs violations and black marketing vary with the offenses, but they include possible jail sentences and fines.

Christmas Mail to Vietnam Totals 17 Million Pounds

More than 17 million pounds of Christmas mail have been airlifted to the 470,000 American fighting men in Southeast Asia, the Pentagon announced.

Still more mail has been sent by ship.

The Department of Defense, Post Office Department and commercial airlines cooperated to insure that all gift packages, letters and cards posted during the official mailing period—mid-October through December 11—were delivered to addressees by Christmas Day.

There were about 2,900 tons of air mail and 5,600 tons of "space available mail" in the airlift.

Christmas mail still in the pipeline will continue to be transported to Southeast Asia by the Military Airlift Command and commercial airlines.

Defense Issues Year-End Report On Open Housing

Housing units available for lease or rental to military personnel on an equal opportunity basis have increased 23.7 percent since a census of units near military bases was conducted between May and July, the Department of Defense has announced.

A DOD year-end report on progress made in eliminating housing discrimination against military families shows that 802,000 units are now available as compared with 646,700 at the time of the survey.

Units listed with base housing offices when the census was made totaled 245,600. This increased to 529,200 at year's end.

In California, the state with the largest military population, open units increased from 206,100 to 253,800. Actual listings were up from 37,300 to 147,500.

In Northern Virginia, the number of listed open units rose from 9,100 to 33,400. In Maryland, the total increased from 5,600 to 39,400.

In the Washington metropolitan area, military housing referral officers processed 11,642 applicants, including 1,160 Negro servicemen, between July and December 20. A total of 633 Negro servicemen sought apartments or trailer courts. Of these at least 287 were located in facilities which were segregated before DOD's off-base open housing effort began.

Maj. Gen. Ewell of USACDC To Receive SE Asia Assignment

Maj. Gen. Julian J. Ewell, 52, Deputy Commanding General of the U.S. Army Combat Development Command at Ft. Belvoir, Va., is expected to leave about Feb. 1 for an assignment in Southeast Asia.

Ewell's replacement is to be Brig. Gen. William A. Becker, now with headquarters, Army Materiel Command in Washington.

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